

## Message Text

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ACTION ARA-20

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-14 ISO-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02

FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01

PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00

PA-04 PRS-01 USIA-15 SWF-02 IO-14 DRC-01 /245 W

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R 202233Z MAY 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 0151

USINT ALGIERS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

INFO AMEMBASSY CARACAS

AMEMBASSY KINSHASA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

C O N F I D E N T I A L LIMA 3944

E.O. 11652: GDS

TAGS: ENRG, PE, VE

SUBJ: MINISTER OF MINES AND ENERGY RETURNS HOME FROM NEAR EAST

REFS: LIMA 3534 (NOTAL) 3320 (NOTAL), 3073, 2916 (NOTAL),

TRIPOLI 496 (NOTAL)

1. BEGIN UNCLASSIFIED: AT A MAY 16 PRESS CONFERENCE AFTER ONE-MONTH TRIP TO VENEZUELA AND NEAR EAST GENERAL JORGE FERNANDEZ MALDONADO, PERUVIAN MINIISTER OF MINES AND ENERGY, STATED THAT THERE ARE "CONCRETE POSSIBILITIES" FOR ARAB FINANCING FOR THE TRANS-ANDEAN PIPELINE. INITIAL NEOGITATIONS WITH THE ARABS, HE SAID, HAD BEEN BASED ON A \$400 MILLION  
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DOLLAR LOAN, \$300 MILLION OF WHICH WOULD BE FOR THE CONSTRUCTION

OF THE PIPELINE AND THE BALANCE FOR JUNGLE OIL DEVELOPMENT. HE ALSO INDICATED THAT PIPELINE NEGOTIATIONS WITH JAPAN ARE "NOT DEAD" AND THAT THE PRESIDENT OF THE JAPANESE ECONOMIC DEVELOPMENT COMMISSION WAS ARRIVING IN LIMA MAY 20 FOR FURTHER DISCUSSIONS. HE ALSO PROCLAIMED THAT DURING HIS VISIT HE WAS ABLE TO OBTAIN AN UNDISCLOSED AMOUNT OF CRUDE FROM LIBYA AND ALGERIA FOR DOMESTIC CONSUMPTION UNTIL 1976 WHEN THE TRANS-ANDEAN PIPELINE IS COMPLETED AND PERU BECOMES SELF-SUFFICIENT IN OIL.

2. THE MINISTER STRESSED THE NEED FOR THIRD WORLD COUNTRIES TO CREATE A SINGLE ORGANIZATION TO NEGOTIATE WITH THE INDUSTRIALIZED WORLD IN ORDER TO ACHIEVE "JUST PRICES" FOR THIRD WORLD RAW MATERIALS EXPORTS. IN THIS CONTEXT, HE SAID THAT A NEW FINANCIAL AND POLITICAL CENTER HAS NOW APPEARED IN THE ARAB COUNTRIES AND THAT FURTHER UNDERSTANDING BETWEEN ARAB COUNTRIES AND LATIN AMERICA IS A NECESSITY.

3. ACCORDING TO FERNANDEZ MALDONADO, WITH THE SPONSORSHIP OF VENEZUELA, PERU'S REQUEST FOR OBSERVER STATUS HAS BEEN APPROVED AND PERU WILL ATTEND THE NEXT OPEC MEETING IN QUITO IN THAT CAPACITY. HE SAID A FIRST STEP HAD BEEN TAKEN TO COORDINATE A COMMON EFFORT ON THE PART OF LDC RAW MATERIALS PRODUCERS THROUGH THE AGREEMENT BY CIPEC TO INVITE OPEC MEMBERS AND COUNTRIES BELONGING TO THE BAUXITE PRODUCERS ASSOCIATIONS TO ITS NEXT MEETING IN LUSAKA. END UNCLASSIFIED

COMMENT: BEGIN CONFIDENTIAL: NOTWITHSTANDING THE OPTIMISTIC RHETORIC, A TRADEMARK OF FERNANDEZ MALDONADO, OUR TENTATIVE JUDGMENT IS THAT HIS TRIP PRODUCED MORE IN THE WAY OF POLITICAL CONTACTS THAN FINANCIAL ASSISTANCE. HIS PRESS CONFERENCE ESCHEWED SPECIFIC INFORMATION TO THE EXTENT THAT SOME OF IT SEEMS BARELY CREDITABLE. HE FAILED EVEN TO MENTION THE NAME OF THE ARAB COUNTRY (GIVEN PERU'S LACK OF FAMILIARITY WITH THE MIDDLE EAST, THIS COULD ALSO INCLUDE IRAN) WHICH OFFERED TO FINANCE THE PIPELINE, NOR WAS THERE MENTION OF THE TERMS AND/OR CONFIDENTIAL

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QUANTITIES OF LIBYAN AND ALGERIAN OIL WHICH WILL ALLEGEDLY BE SOLD TO PERU. OUR PRELIMINARY DISCUSSIONS ON PIPELINE FINANCING, BUT THAT THEY ARE AS YET TOO UNFAMILIAR WITH LATIN AMERICA, NOT TO MENTION PERU, TO SPEND THE KIND OF MONEY REQUIRED FOR THE PIPELINE WITHOUT CAREFUL CONSIDERATION OF THE RISKS INVOLVED. IN THIS REGARD, ANY FURTHER INFORMATION ADDRESSEES MIGHT HAVE ABOUT HOST COUNTRY FINANCING FOR THE

PIPELINE WOULD BE APPRECIATED.

4. IN CONTRAST TO THE MINISTER, HIS MODERATE SUBORDINATE, GENERAL FERNANDEZ BACA, THE PRESIDENT OF PETROPERU, (WHO ACCOMPANIED THE MINISTER) TOLD AN EMBASSY OFFICER MAY 17 THAT PETROPERU IS PRESENTLY DISCUSSING FINANCING OF THE TRANS-ANDEAN PIPELINE WITH THREE U.S. BANKING GROUPS, THE JAPANESE, AND A EUROPEAN CONSORTIUM. HE ALSO MADE A PASSING REFERENCE TO NEGOTIATIONS WITH THE ARABS, BUT PLACED LITTLE EMPHASIS ON THE LATTER.

5. IN SUM, IT APPEARS THAT THE MINISTER'S TRIP SERVED PRINCIPALLY TO BOLSTER HIS IMAGE AT HOME AS ONE OF THE LEADING PERUVIAN SPOKESMEN FOR LDC ASPIRATIONS AND TO INITIATE POTENTIAL USEFUL POLITICAL CONTACTS WITH IMPORTANT COPPER AND OIL PRODUCING NATIONS. OVER THE LONGER RUN, THESE TIES COULD LEAD TO GREATER COORDINATION BETWEEN PERU AND THE MORE MILITANT ARABS ON SHORT SUPPLY ISSUES IN VARIOUS WORLD FORUMS.  
DEAN

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## Message Attributes

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**TAGS:** ENRG, PE, VE, JA, OPEC, CIPEC, TRANS-ANDEAN PIPELINE, (MALDONADO, FERNANDEZ)  
**To:** STATE  
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